

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by adding Section
6 2505-660 as follows:

7 (20 ILCS 2505/2505-660 new)

8 Sec. 2505-660. Collection of delinquent debts; housing
9 authority. Upon certification by a housing authority of the
10 amounts of delinquent debts, the Department of Revenue may
11 collect the delinquent debts by intercepting the tax refund of
12 any person owing the delinquent debts. The Department of
13 Revenue shall enter into an agreement with the housing
14 authority as provided in Section 8.1d of the Housing
15 Authorities Act prior to undertaking any collections under this
16 Section. Any agreement between the Department of Revenue and
17 the housing authority for the intercept of tax refunds shall
18 contain provisions for certification of debt, notification to
19 the taxpayer of the intercept, and treatment of joint returns
20 that are consistent with the requirements for a refund
21 withholding request under Section 8.1d of the Housing
22 Authorities Act.

1 Section 10. The Illinois Income Tax Act is amended by
2 changing Section 911.3 as follows:

3 (35 ILCS 5/911.3)

4 Sec. 911.3. Refunds withheld; order of honoring requests.
5 The Department shall honor refund withholding requests in the
6 following order:

7 (1) a refund withholding request to collect an unpaid
8 State tax;

9 (2) a refund withholding request to collect certified
10 past due child support amounts under Section 2505-650 of
11 the Department of Revenue Law of the Civil Administrative
12 Code of Illinois;

13 (3) a refund withholding request to collect any debt
14 owed to the State;

15 (4) a refund withholding request made by the Secretary
16 of the Treasury of the United States, or his or her
17 delegate, to collect any tax liability arising from Title
18 26 of the United States Code;

19 (5) a refund withholding request pursuant to Section
20 911.2 of this Act; ~~and~~

21 (6) a refund withholding request to collect certified
22 past due fees owed to the Clerk of the Circuit Court as
23 authorized under Section 2505-655 of the Department of
24 Revenue Law of the Civil Administrative Code of Illinois;
25 and -

1 (7) a refund withholding request to collect a
2 delinquent debt owed to a housing authority as authorized
3 under Section 2505-660 of the Department of Revenue Law of
4 the Civil Administrative Code of Illinois.

5 (Source: P.A. 92-826, eff. 8-21-02; 93-836, eff. 1-1-05.)

6 Section 15. The Housing Authorities Act is amended by
7 adding Section 8.1d as follows:

8 (310 ILCS 10/8.1d new)

9 Sec. 8.1d. Collection of debt; setoff program.

10 (a) Definitions. As used in this Section:

11 "Debtor" means a person having a delinquent debt with a
12 housing authority which has not been adjusted, satisfied, or
13 set aside by court order, or discharged in bankruptcy.

14 "Delinquent debt" means a sum which has been reduced to
15 judgment in a final court order and is due and owing a housing
16 authority, including collection costs, court costs, fines,
17 penalties, and interest which have accrued through contract,
18 subrogation, tort, operation of law, or other legal theory.

19 "Delinquent debt" does not include sums owed to a housing
20 authority when the housing authority and the debtor have
21 entered into a written payment agreement and the debtor is
22 current in meeting the obligations of the agreement.

23 "Delinquent debt" also includes any fine, penalty, cost, fee,
24 assessment, surcharge, service charge, restitution, or other

1 amount imposed by a court or as a direct consequence of a final
2 court order which is received by or payable to the clerk of the
3 appropriate court or treasurer of the entity where the court is
4 located.

5 "Refund" means any individual Illinois income tax refund
6 payable. "Refund" also includes a refund belonging to a debtor
7 resulting from the filing of a joint income tax return.

8 (b) Collection of debt; information to be given by housing
9 authority; information to be given by Department of Revenue to
10 housing authority.

11 (1) The collection remedy under this Section is in
12 addition to any other remedy available by law.

13 (2) Housing authorities may submit for collection
14 under the procedure established by this Section all
15 delinquent debts which they are owed.

16 (3) All housing authorities, whenever possible, shall
17 obtain the full name, social security number, address, and
18 any other identifying information, required by rules
19 promulgated by the Department of Revenue for
20 implementation of this Section, from any person for whom
21 the housing authorities provide any service or transact any
22 business and who the housing authorities can foresee may
23 become a debtor under the terms of this Section.

24 (4) Upon request from a housing authority, the
25 Department of Revenue shall furnish to the housing
26 authority any information the Department of Revenue deems

1 necessary to properly notify the debtor.

2 (c) Choice of housing authority as to use of or
3 participation in setoff program. If the housing authority
4 determines that the administrative cost of utilizing this
5 Section is prohibitive, it may choose not to participate in the
6 setoff program, or it may choose to participate only in cases
7 of delinquent debts above an amount it determines appropriate.

8 (d) Department of Revenue to assist in collection of
9 delinquent debt by setoff of any refunds due to debtor. Subject
10 to the limitations contained in this Section, the Department of
11 Revenue, upon request, shall render assistance in the
12 collection of any delinquent debt owing to any housing
13 authority by setting off any refunds due the debtor from the
14 Department of Revenue by the sum certified by the housing
15 authority as delinquent debt.

16 (e) Notification by housing authority; refund
17 determinations; Department of Revenue liability.

18 (1) A housing authority seeking to attempt collection
19 of a delinquent debt through setoff shall notify the
20 Department of Revenue in writing and supply information the
21 Department of Revenue determines necessary to identify the
22 debtor whose refund is sought to be set off. A request for
23 setoff may be made only after the housing authority has
24 notified the debtor of its intention to cause the debtor's
25 refund to be set off. The housing authority shall promptly
26 notify the debtor when the liability out of which the

1 setoff arises is satisfied. The housing authority shall
2 promptly notify the Department of Revenue of a reduction in
3 the delinquent debt.

4 (2) Upon receiving the certification of the housing
5 authority of the amount of the delinquent debt, the
6 Department of Revenue shall determine if the debtor is due
7 a refund. If the debtor is due a refund of more than a
8 tolerance amount as determined by the Department of
9 Revenue, the Department of Revenue shall set off the
10 delinquent debt against the amount of the refund. The
11 Department of Revenue may retain an amount not to exceed
12 \$25 of each refund set off to defray its administrative
13 expenses, and that amount may be added to the debt.
14 Apportionment is not required in the case of a refund
15 resulting from filing a joint return. A person has no
16 property right or property interest in a refund until all
17 amounts due the State and housing authorities are paid. The
18 Department of Revenue shall consider a delinquent debt and
19 debtor list provided by a housing authority as correct and
20 the Department of Revenue is not liable for a wrongful or
21 improper setoff.

22 (f) Notice of intention to set off debt; form, delivery and
23 presumption. The notice of intention to set off must be given
24 by mailing the notice, with postage prepaid, addressed to the
25 debtor at the address provided to the housing authority when
26 the debt was incurred or at the debtor's last known address. If

1 the notice is returned to the housing authority as
2 undeliverable or the housing authority has any reason to
3 believe the debtor did not receive the notice, the housing
4 authority shall obtain the last known address of the debtor
5 from the Department of Revenue and resend the notice. The
6 giving of the notice by mail is complete upon mailing the
7 notice or resending the notice if the notice is returned to the
8 housing authority as undeliverable or the housing authority has
9 any reason to believe the debtor did not receive the notice. A
10 certification by the housing authority that the notice has been
11 sent is presumptive proof that the requirements as to notice
12 are met, even if the notice actually has not been received by
13 the debtor. The notice must include a statement substantially
14 as follows:

15 "According to our records, you owe the (housing authority)
16 a debt in the amount of (amount of the debt), plus interest, if
17 applicable, for (type of debt). You are hereby notified of the
18 (housing authority's) intention to submit this debt to the
19 Illinois Department of Revenue to be set off against your
20 individual income tax refunds until the debt is paid in full.
21 Pursuant to Section 8.1d of the Housing Authorities Act,
22 Section 2505-660 of the Department of Revenue Law of the Civil
23 Administrative Code of Illinois, and Section 911.3 of the
24 Illinois Income Tax Act, this amount, plus \$25 in
25 administrative costs, will be deducted from your Illinois
26 individual income tax refunds unless you fully satisfy this

1 debt with the (housing authority). If you file a joint return
2 with your spouse, this amount will be deducted from the total
3 joint refunds without regard to which spouse incurred the debt
4 or actually withheld the taxes."

5 (g) Agreements; credit to debtor's obligation by housing
6 authority; notification of housing authority to debtor of
7 setoff.

8 (1) A housing authority may enter into an agreement
9 with the Department of Revenue to establish a program for
10 the purpose of collecting certain delinquent debts. The
11 purpose shall be to intercept, in whole or in part, State
12 income tax refunds due the persons who owe delinquent debts
13 to the housing authority in order to satisfy delinquent
14 debts. The agreement shall include, but may not be limited
15 to, a certification by the housing authority that the debt
16 claims forwarded to the Department of Revenue are valid,
17 that reasonable efforts have been made to notify persons of
18 the delinquency of the debts, and that the delinquent debts
19 have been reduced to judgment in a final court order. The
20 agreement shall include provisions for payment of the
21 intercept by the Department of Revenue to the housing
22 authority. The agreement may also include provisions to
23 allow the Department of Revenue to recover its cost for
24 administering the program. Intercepts made pursuant to
25 this Section shall not interfere with the collection of
26 debts related to child support. During the collection of

1 debts under this Section, when there are 2 or more debt
2 claims certified to the Department of Revenue at the same
3 time, priority of collection shall be as provided in
4 Section 911.3 of the Illinois Income Tax Act.

5 (2) Upon receipt by a housing authority of proceeds
6 collected on its behalf by the Department of Revenue, the
7 housing authority shall credit the debtor's obligation and
8 shall notify the debtor in writing of the amount of the
9 setoff.

10 (3) The Department of Revenue may add an administrative
11 fee of no more than \$25 to the delinquent debt. This fee
12 shall be used by the Department of Revenue to cover any
13 administrative costs pursuant to this Section.

14 (h) Information from Department of Revenue to be used only
15 by housing authority for collection purposes; penalties for
16 disclosure.

17 (1) The exchange of information among the Department of
18 Revenue, housing authority, and the debtor pursuant to this
19 Section is lawful.

20 (2) The information obtained by a housing authority
21 from the Department of Revenue in accordance with the
22 exemption allowed by paragraph (1) may be used by the
23 housing authority only in the pursuit of its debt
24 collection duties and practices. A person employed by or
25 formerly employed by the housing authority who knowingly
26 discloses the information for another purpose commits a

1 Class A misdemeanor.

2 (i) Indemnification of Department of Revenue by housing
3 authority. Housing authorities shall indemnify the Department
4 of Revenue against any injuries, actions, liabilities, or
5 proceedings arising from performance under the provisions of
6 this Section.

7 (j) Department of Revenue rules, forms, and procedures
8 permitted. The Department of Revenue may promulgate rules and
9 prescribe forms and procedures necessary to implement this
10 Section.